

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF CLARK RECC OF WINCHESTER,)
KENTUCKY FOR A REVISION TO ITS RETAIL)
TARIFFS TO IMPLEMENT A RETAIL MARKETING) CASE NO. 10374
RATE FOR SPECIAL RETAIL APPLICATIONS)

O R D E R

On September 6, 1988, Clark Rural Electric Cooperative Corporation ("Clark") filed a revision to its retail electric tariff to become effective on October 1, 1988. The revision provides for an off-peak retail marketing rate for special retail applications.

The retail marketing rate is designed to offer a 40 percent discount to the energy rate of 5.724 cents per kWh. This energy rate is the same as that charged residential customers under Schedule R: Farm and Home Service for amounts greater than 600 kWh per month, as approved by the Commission in the April 28, 1987 Order in Case No. 9739, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Clark Rural Electric Cooperative Corporation From November 1, 1984 to October 31, 1986. However, the rate schedule to which the retail marketing rate will apply was not specified by Clark in its application.

Clark's marketing rate offering is in conjunction with the Marketing Rate of the Wholesale Power Rate Schedule A of East Kentucky Power Cooperative, Inc. ("EKPC") approved by the

Commission in Case No. 10281, The Notice of East Kentucky Power Cooperative, Inc. of a Revision to Its Wholesale Electric Power Tariff to Implement a Wholesale Power Marketing Rate for Special Retail Applications. This wholesale power marketing rate offers to Clark and EKPC's other member cooperatives a 20 percent discount to the current wholesale power energy rate for off-peak power used for designated marketing programs.

The initial application of Clark's marketing rate will be for the use of Electric Thermal Storage ("ETS") devices. ETS is a technology that allows heat to be stored in one time period and used in another. Specifically, the ETS device can be controlled by the utility to store heat at night during off-peak hours and to discharge heat as needed, with no contribution to on-peak load.

The Commission has previously allowed electric utilities to charge special rates for power used by ETS devices. In December 1986, we permitted South Kentucky Rural Electric Cooperative Corporation ("South Kentucky RECC") and EKPC to conduct a 3-year pilot program involving ETS units. The load research data produced by that program indicates that ETS is a favorable off-peak load building technique which improves load factor.

The Commission assumes that Clark will incorporate many of the features of the ETS pilot program into its own marketing programs. Of special interest to the Commission is any contract between the utility and its retail customers. In the ETS pilot program, for example, South Kentucky RECC contracted with each ETS customer guaranteeing, inter alia, that the energy used by the ETS unit would be discounted at least 40 percent for 10 years and that

off-peak power would be available for charging the ETS unit for at least 10 hours daily. If contracts are used by Clark, they should be standardized and used for all customers seeking the retail marketing rate. Any failure to standardize such contracts would constitute a violation of KRS 278.170. Furthermore, a copy of the standardized contract should be filed as part of Clark's tariff.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the revised tariff should be accepted provided the following modifications are made:

1. The tariff should state the rate schedule to which the marketing rate will be applicable. Furthermore, the specified rate schedule shall be the same as that from which the discounted energy rate originated.

2. The tariff should state that the retail marketing rate applies only to programs which are expressly approved by the Commission to be offered under the Marketing Rate of EKPC's Wholesale Power Rate Schedule A.

3. The tariff should provide that energy furnished under the retail marketing rate shall be separately metered for each point of delivery.

IT IS THEREFORE ORDERED that:

1. Clark's Schedule D: Off Peak Retail Marketing Tariff as filed with the Commission on September 6, 1988 be and hereby is denied.

2. Within 20 days of the date of this Order, Clark shall file with this Commission an Amended Tariff complying with the

findings of this Order, or request a hearing to present evidence to show why the proposed tariff should be accepted without modification.

Done at Frankfort, Kentucky, this 29th day of September, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick
Chairman

Robert M. Davis
Vice Chairman

Quinn N. McLaughlin
Commissioner

ATTEST:

Executive Director